



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

September 16, 2011

#### CERTIFIED RETURN RECEIPT

7004 1160 0003 0191 9394

John Hewitt  
Interstate Brick Company  
9780 South 5200 West  
West Jordan, Utah 84088

Subject: Evaluation of Reclamation Surety, Interstate Brick Company, Snow White Mine, M/049/0030, Utah County, Utah

Dear Mr. Hewitt:

The last reclamation cost estimate for the Snow White mine was completed in 2006 with the surety amount being escalated to 2011 dollars, so the reclamation surety amount is now due for review and adjustment. The Division of Oil, Gas and Mining may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (rule R647-4-113.6).

The Division used the calculation from 2006, applied actual changes in costs to adjust the figure to 2011, then used a five-year average (1.7 percent) to adjust the figure to 2016 dollars. As shown in the attached spreadsheet, the resulting amount is \$173,300.00.

The current reclamation surety is for \$130,800.00 in the form of a surety bond. The surety can be increased by supplying a rider to the surety bond or by supplying cash, a certificate of deposit, or a letter of credit for either the increased or total amount. If you supply an alternate form of surety for the total amount, the Division would release the existing surety. Please contact Penny Berry at 801-538-5291 or by e mail at [bondcoordinator@utah.gov](mailto:bondcoordinator@utah.gov) with questions about increasing the surety amount.

Please provide the increased surety by November 28, 2011.

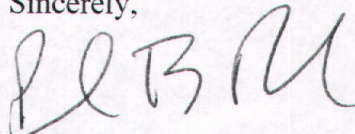
The Division also requests that you review the current Notice of Intention to Conduct Large Mining Operations (NOI) to ensure it is adequate and reflects the current operating conditions. Any necessary changes should be addressed by submitting an amendment to the NOI.



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John Hewitt  
M/049/0030  
September 16, 2011

Thank you for your cooperation. Please call me at 801-538-5261 or e mail me at [paulbaker@utah.gov](mailto:paulbaker@utah.gov) if you have questions about this letter.

Sincerely,

A handwritten signature in dark ink, appearing to read 'PBB' followed by a stylized flourish.

Paul B. Baker  
Mining Program Manager

PBB:pb

cc: SITLA, [jblake@utah.gov](mailto:jblake@utah.gov)

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Snow White		M/049/0030	
Surety Escalation		September 16, 2011	
	Percentage increase/year	Surety amount in <year> dollars	
2001	4.21%	1.0421	
2002	2.02%	1.0202	\$0.00
2003	1.71%	1.0171	\$0.00
2004	0.84%	1.0084	\$0.00
2005	3.99%	1.0399	\$0.00
2006	5.44%	1.0544	\$120,858.00
2007	2.12%	1.0212	\$127,432.68
2008	-3.40%	0.966	\$130,134.25
2009	2.90%	1.029	\$125,709.68
2010	1.80%	1.018	\$129,355.26
2011			\$131,683.66
2016		1.017	\$143,263.86
Rounded to nearest \$100			\$143,300.00

Note: The surety amount is listed in the row of the year in which it was calculated.  
The escalation factor for a year is applied to the surety amount to take it to the next year.